

Senate File 2388 - Introduced

SENATE FILE _____
BY BOETTGER

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act exempting pension income and retirement pay from the state
2 individual income tax and including a retroactive
3 applicability date provision.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6024XS 82
6 sc/nh/5

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1 1 Section 1. Section 422.7, subsection 31, Code Supplement
1 2 2007, is amended to read as follows:
1 3 31. For a person who is disabled, or is fifty=five years
1 4 of age or older, or is the surviving spouse of an individual
1 5 or a survivor having an insurable interest in an individual
1 6 who would have qualified for the exemption under this
1 7 subsection for the tax year, subtract, to the extent included,
1 8 the total amount of a governmental or other pension or
1 9 retirement pay, including, but not limited to, defined benefit
1 10 or defined contribution plans, annuities, individual
1 11 retirement accounts, plans maintained or contributed to by an
1 12 employer, or maintained or contributed to by a self=employed
1 13 person as an employer, and deferred compensation plans or any
1 14 earnings attributable to the deferred compensation plans, ~~up~~
~~1 15 to a maximum of six thousand dollars for a person, other than~~
~~1 16 a husband or wife, who files a separate state income tax~~
~~1 17 return and up to a maximum of twelve thousand dollars for a~~
~~1 18 husband and wife who file a joint state income tax return.~~
1 19 However, a surviving spouse who is not disabled or fifty=five
1 20 years of age or older can only exclude the amount of pension
1 21 or retirement pay received as a result of the death of the
1 22 other spouse. ~~A For a~~ husband and wife filing separate state
1 23 income tax returns or separately on a combined state return
1 24 ~~are allowed a combined maximum exclusion under this subsection~~
~~1 25 of up to twelve thousand dollars. The twelve thousand dollar,~~
~~1 26 the~~ exclusion shall be allocated to the husband or wife in the
1 27 proportion that each spouse's respective pension and
1 28 retirement pay received bears to total combined pension and
1 29 retirement pay received.
1 30 Sec. 2. RETROACTIVE APPLICABILITY DATE. This Act applies
1 31 retroactively to January 1, 2008, for tax years beginning on
1 32 or after that date.

EXPLANATION

1 34 This bill exempts all pension and retirement income, except
1 35 for social security income, from the state individual income
2 1 tax. Under current law, the exemption for such income is
2 2 \$6,000 for individuals and \$12,000 for a husband and wife
2 3 filing jointly.
2 4 The bill applies retroactively to January 1, 2008, for tax
2 5 years beginning on or after that date.
2 6 LSB 6024XS 82
2 7 sc/nh/5